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**EUROGOLD LIMITED**  
**ACN 009 070 384**

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**OFFER DOCUMENT**

For a pro-rata offer of 21,623,670 Dragon Sale Shares at a sale price of \$0.13 each, on the basis of 0.25 Dragon Sale Shares for every 1 Shares held on the Record Date (**Offer**).

**This document is important and requires your immediate attention.**  
It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or other professional adviser without delay.

This Offer Document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Dragon Sale Shares offered by this Offer Document.

The Offer opens on 11 September 2014 and closes at 5.00 pm (Perth time) on 25 September 2014. Valid acceptances must be received before the Offer closes.

Please read the instructions in this document and on the accompanying Acceptance Form regarding the acceptance of your Dragon Sale Shares.

## **IMPORTANT INFORMATION**

This Offer Document has been prepared by Eurogold Limited ACN 009 070 384 was lodged with ASX on 1 September 2014. ASX takes no responsibility for the content of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, Dragon Sale Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

### **Eligibility**

Applications for Dragon Sale Shares by Eligible Shareholders can only be made on an original Acceptance Form, as sent with this Offer Document.

### **Foreign Jurisdiction**

This Offer Document does not constitute an offer to sell, or the solicitation of an offer to buy any securities in any other country outside Australia, Hong Kong and New Zealand. The Offer Document has been prepared for distribution to shareholders with registered addresses in Australia, Hong Kong and New Zealand only and may not be released or distributed elsewhere.

### **Privacy**

The Company collects information about each Applicant provided on an Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Acceptance Form for the purposes detailed in this Offer Document and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

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## 1. Details of the Offer

### 1.1 The Offer

The Company is making a pro-rata offer of 21,623,670 Dragon Sale Shares to Shareholders at a sale price of \$0.13 each, on the basis of 0.25 Dragon Sale Shares for every 1 Shares held on the Record Date (**Offer**).

The proceeds from the Offer will be used by the Company to repay the Loan and are expected to improve the Company's ability to attract new business opportunities, as outlined in Section 1.3.

Where the determination of the Offer to any Eligible Shareholder results in a fraction of a Dragon Sale Share, such fraction will be rounded down to the nearest whole Dragon Sale Share.

This Offer Document is also for the offer of the Shortfall Shares to Eligible Shareholders. Refer to Section 1.14 for further information and details of the Shortfall Offer.

The Offer is underwritten by Allied. Refer to Section 1.15 for further information and details. Allied has also advised the Company that it intends to take up its full entitlement under the Offer.

### 1.2 Proposed Timetable

Event	Date
Announcement	1 September 2014
Ex Date	4 September 2014
Record Date	8 September 2014
Notice of Offer sent to Shareholders and Offer Opens	11 September 2014
Closing Date	25 September 2014
Notification of Total Shortfall to ASX and Underwriter	29 September 2014
Transfer of Dragon Sale Shares	2 October 2014

This timetable is indicative only and subject to change

### 1.3 Use of funds

The Offer will raise approximately \$2,811,077.10 (before costs).

The funds raised from the Offer are proposed to be applied as follows:

Description of Cash Outflows	Amount (A\$)
Repayment of Loan	\$2,130,000
Estimated Legal and Accounting Costs	\$35,000
Underwriting Fee	\$71,552
Estimated Corporate and Administrative costs	\$25,000
Estimated Due Diligence of new business opportunities	\$200,000
Working Capital	\$349,525.10

Actual expenditure may differ significantly from the above estimates due to a number of factors including market conditions, the development of new opportunities and other factors.

## **1.4 Acceptance**

The invitation to Eligible Shareholders to participate in the Offer is determined on the Record Date. Your invitation is shown on the Acceptance Form accompanying this Offer Document.

Acceptance of a completed Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Dragon Sale Shares accepted by the Company. The Acceptance Form does not need to be signed to be a binding acceptance of Dragon Sale Shares.

By accepting the Offer or the Shortfall Offer, you are deemed to have agreed to the Company being appointed as your attorney and agent to complete all documentation, transfers and do all such acts, matters and things necessary to transfer the Dragon Shares you apply for under the Offer and the Shortfall Offer to you and for those Dragon Shares to be registered in your name.

If the Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Acceptance Form, is final.

See Section 2 for further details.

## **1.5 Shortfall Securities**

The Offer is underwritten by Allied. Shareholders are entitled to apply for Shortfall Shares if desired. Applications for Shortfall Shares must be made on the Acceptance Form enclosed with a copy of this Offer Document. The sale of Shortfall Shares will be determined by the Company acting reasonably subject to any restrictions imposed by the Corporations Act and the Listing Rules. More information on the Shortfall Offer is contained in Section 1.14.

## **1.6 Opening and closing dates**

The Offer opens on the Opening Date, currently 11 September 2014. The Company will accept Acceptance Forms until 5.00pm (Perth time) on the Closing Date, currently 25 September 2014, or such other date as the Directors in their absolute discretion shall determine.

## **1.7 Sale and despatch**

The expected dates for the transfer of Dragon Sale Shares offered by this Offer Document and despatch of holding statements is expected to occur on the dates specified in the timetable detailed in Section 1.2.

## **1.8 Rights and liabilities**

The Dragon Sale Shares offered under this Offer Document will rank equally in respect of dividends and have the same rights in all other respects (e.g. voting, bonus issues) as existing Dragon Shares.

A summary of the rights and liabilities attaching to Dragon Sale Shares are detailed in Section 3.

## 1.9 Overseas shareholders

No Offer will be made to Shareholders with a registered address outside Australia, Hong Kong or New Zealand (**Ineligible Shareholders**).

The Company is of the view that it is unreasonable to make the Offer to Shareholders outside Australia, Hong Kong or New Zealand due to a small number of such Shareholders and the number and value of Dragon Sale Shares these Shareholders would be offered, the cost of complying with applicable regulations in jurisdictions outside Australia, Hong Kong or New Zealand and the administrative burden that will place on the Company in making the Offer available to Shareholders outside Australia, Hong Kong or New Zealand.

**This Offer Document and accompanying Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an Offer.**

Shareholders resident in Australia, Hong Kong or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that applying for Dragon Sale Shares under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## 1.10 Listing Rules

ASX has provided written confirmation that Listing Rule 11.1 will not apply to the Offer and has granted the Company a waiver from Listing Rule 10.1.

## 1.11 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences or any other consequences or implications in respect of applying for Dragon Sale Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation or other consequences to Shareholders.

Shareholders should consult their professional tax adviser and other professional advisers in connection with applying for Dragon Sale Shares under this Offer Document.

## 1.12 Risks

Applying for Dragon Sale Shares is a speculative investment and the market price may change between the date you apply for Dragon Sale Shares and the transfer of Dragon Sale Shares to you. Accordingly, the value of Dragon Sale Shares applied for is likely to rise and fall. Importantly there is a risk that during the period when you apply for Dragon Sale Shares and when the Dragon Sale Shares are transferred to you, the price at which Dragon Shares are traded on the ASX may be less than the issue price.

Eligible Shareholders should consider carefully and consult their financial advisers before deciding whether investing in Dragon Shares, as set out in this Offer Document, is suitable for them.

Refer to Schedule 1 for a summary of the risks associated with the Offer.

## 1.13 Continuous disclosure obligations

Dragon is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and Dragon Shares are enhanced disclosure securities

quoted on ASX and, as such, Dragon is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, Dragon is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the securities markets conducted by the ASX. In particular, Dragon has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to Dragon, which has been notified to ASX, and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to apply for Dragon Sale Shares under the Offer. Investors should therefore have regard to the other publically available information in relation to Dragon before making a decision whether or not to invest.

All announcements made by Dragon are available from its website [www.dragon-mining.com.au](http://www.dragon-mining.com.au) or the ASX website [www.asx.com.au](http://www.asx.com.au).

Additionally, Dragon is required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on Dragon's and ASX websites.

This Offer Document (including the Acceptance Form) and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in Western Australia and each applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

**The Directors strongly recommend that Eligible Shareholders review all publically available information on Dragon and discuss them with their professional advisers prior to applying for the Dragon Sale Shares.**

#### **1.14 Shortfall Offer**

The offer of any Shortfall Shares is a separate offer made pursuant to this Offer Document. The sale price of the Shortfall Shares will be \$0.13 each, being the same price as Dragon Sale Shares offered under this Offer Document.

Applications for Shortfall Shares can be made by Eligible Shareholders by completing and returning the relevant part of the Acceptance Form.

The Directors intend to fully satisfy any application by an Eligible Shareholder for Shortfall Shares, subject only to the limitation that Shortfall Shares will not be allocated so as to increase an Eligible Shareholder's relevant interest in Dragon above 20% (if such allocation would cause a breach of the Corporations Act) or if the Shortfall Offer is over subscribed by Shareholders, the Company intends to pro-rata scale back Shareholder applications for the Shortfall Shares. However, the Directors reserve their right, subject to any restrictions imposed by the Corporations Act and Listing Rules, to allocate Shortfall Shares in their sole discretion.

Refer to Section 2.3 for instructions as to how to apply for Shortfall Shares.

Any remaining shortfall after the sale of the Shortfall Shares applied for under the Shortfall Offer will be dealt with in accordance with the Underwriting Agreement.

## **1.15 Underwriting Agreement**

The Offer is fully underwritten by Allied pursuant to an underwriting agreement between the Underwriter and the Company dated 29 August 2014 (**Underwriting Agreement**). Pursuant to the Underwriting Agreement, the Underwriter has agreed to fully underwrite all of the Dragon Sale Shares the subject of the Offer. Allied will be paid an underwriting fee of 4% based upon the total underwritten amount of \$2,811,077.10 minus the proceeds from Allied taking up its entitlement under the Offer (\$1,022,276.30), being an amount of \$71,552.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

## **1.16 Offer Document**

This Offer Document is not a prospectus or product disclosure statement, and has not been lodged with ASIC. The issue of a prospectus or product disclosure statement is not required for the purpose of the Offer. This Offer Document does not contain the types of disclosure required to be contained in a prospectus or product disclosure statement. You must rely on your knowledge of Dragon, previous disclosures made by the Company and Dragon to the ASX (including disclosure regarding the risks of making an investment with in Dragon) and, if necessary, consult your professional adviser when deciding whether or not to participate in the Offer.

## **1.17 Enquiries concerning Offer Document**

Any questions in relation to this Offer Document or the Acceptance Form should be directed to the Company Secretary by telephone on +618 9381 9550.

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## **2. Action Required by Shareholders**

### **2.1 What Eligible Shareholders may do**

The number of Dragon Sale Shares to which Eligible Shareholders are entitled to is shown on the accompanying personalised Acceptance Form. Eligible Shareholders may:

- (a) accept some or all of their Dragon Sale Shares (refer to section 2.2);
- (b) accept all of their Dragon Sale Shares and apply for Shortfall Shares (section 2.3); or
- (c) not take up their Dragon Sale Shares (refer to section 2.4)

### **2.2 Acceptance of SOME or ALL of your Dragon Sale Shares under the Offer**

If you wish to accept your Dragon Sale Shares in part or in full, you should complete the accompanying Acceptance Form in accordance with the instructions set out on the form and submit your acceptance either electronically by BPAY® or together with a cheque by mail to reach the Share Registry prior to the Closing Date. Please read the instructions carefully.



## **Payment by cheque**

Completed Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Eurogold Limited – Application Account" and be lodged at any time after the Opening Date, and on or before the Closing Date, at the Share Registry (by post) at:

Computershare Investor Services Pty Limited  
GPO Box 3224  
Melbourne VIC 3001

## **Payment by BPAY®**

Alternatively, Dragon Sale Shares may be accepted electronically using BPAY®, in which case you are not required to return the Acceptance Form. You can simply make payment for the total number of Dragon Sale Shares accepted by using the Biller Code and the personalised Reference Number set out in your Acceptance Form. You must ensure that acceptance and payment by BPAY® is received no later than 5.00pm (Perth Time) on the Closing Date.

Instructions for making payment by BPAY® are set out in your Acceptance Form. You should be aware that your own financial institution may impose earlier cut-off times with regards to electronic payments and you should therefore take this into consideration when making payment.

By accepting the Offer electronically using BPAY®, you are deemed to have agreed to the Company being appointed as your attorney and agent to complete all documentation, transfers and do all such acts, matters and things necessary to transfer the Dragon Shares you apply for under the Offer and the Shortfall Offer to you and for those Dragon Shares to be registered in your name.

## **2.3 Shortfall**

If you are an Eligible Shareholder and wish to apply for Dragon Sale Shares in excess of your entitlement by applying for Shortfall Shares you may do so by completing the relevant sections of the Acceptance Form, in accordance with the instructions referred to in this Offer Document and on the Acceptance Form. Any Dragon Sale Shares applied for in excess of your entitlement will be applied for under the Shortfall Offer. Please read the instructions carefully.

Completed Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Eurogold Limited – Application Account " and lodged at any time after the issue of the Opening Date and no later than 5.00 pm on the Closing Date at the Company's share registry (by post) at the address listed in Section 2.2.

If paying via BPAY®, you should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the shareholder to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Acceptance Form and you will not need to return the Acceptance Form.

By accepting the Shortfall Offer electronically using BPAY®, you are deemed to have agreed to the Company being appointed as your attorney and agent to complete all documentation, transfers and do all such acts, matters and things necessary to transfer the

Dragon Shares you apply for under the Offer and the Shortfall Offer to you and for those Dragon Shares to be registered in your name.

## **2.4 Dragon Sale Shares not taken up**

If you do not wish to accept any of your Dragon Sale Shares under the Offer, you are not obliged to do anything. You will receive no benefit or Dragon Sale Shares and your entitlement under the Offer will become Shortfall Shares.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Dragon Sale Shares.

## **2.5 Enquiries concerning your Dragon Sale Shares**

If you have any questions in relation to your entitlement to Dragon Sale Shares under the Offer, please contact the Company Secretary by telephone on +618 381 9550.

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# **3. Rights attaching to Dragon Sale Shares**

## **3.1 General**

The Dragon Sale Shares to be sold pursuant to this Offer Document are ordinary shares and will, as from their allotment, rank equally in all respects with all existing Dragon Shares.

The rights attaching to the Dragon Shares arise from a combination of the Constitution, statute and general law. Copies of the Constitution are available for inspection during business hours at Dragon's registered office. The Constitution has been lodged with ASIC.

A summary of the more significant rights is detailed below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Dragon Shareholders.

## **3.2 Reports and notices**

Dragon Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to shareholders under the Constitution, the Corporations Act and the Listing Rules.

## **3.3 General meetings**

Dragon Directors may call a meeting of Shareholders whenever they think fit. Dragon Shareholders may call a meeting as provided by the Corporations Act. All Dragon Shareholders are entitled to a notice of meeting. A quorum for a meeting of Dragon Shareholders is 3 natural persons each of whom represent a different voting Dragon Shareholder.

Dragon will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

Dragon Shareholders are entitled to be present in person, or by proxy, attorney or representative (in the case of a company) to speak and to vote at general meetings of Dragon.

### **3.4 Voting**

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of Dragon on a show of hands, every Dragon Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Dragon Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Dragon Share held by the Dragon Shareholder.

A poll may be demanded by the chairperson of the meeting, any 3 Dragon Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Dragon Shareholders holding not less than 5% of the total voting rights of all Dragon Shareholders having the right to vote.

### **3.5 Dividends**

Dragon Directors may declare and authorise the distribution from the profits of Dragon, dividends to be distributed to shareholders according to their rights and interests. The Directors may determine the property to constitute the dividend and fix the time for distribution. Except to the extent that the terms of issue of shares provide otherwise, each dividend must be distributed according to the amount paid up on the Dragon Share in a manner calculated in accordance with the Constitution.

### **3.6 Winding up**

Subject to any rights or restrictions attached to a class of shares, on a winding up of Dragon, any surplus must be divided among the Dragon Shareholders in the proportions which the amount paid (including amounts credited) on the Dragon Shares of a Dragon Shareholder is of the total amounts paid and payable (including amounts credited) on the Dragon Shares of all Dragon Shareholders. Subject to any rights or restrictions attached to a class of shares, on a winding up of Dragon, the liquidator may, with the sanction of a special resolution of the Dragon Shareholders:

- (a) distribute among shareholders the whole or any part of the property of Dragon; and
- (b) decide how to distribute the property as between the holders of different classes of shares.

The liquidator of Dragon may settle any problem concerning a distribution.

### **3.7 Transfer of Dragon Shares**

Generally, Dragon Shares are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia.

### **3.8 Issue of further Dragon Shares**

Dragon Directors may, subject to any restrictions imposed by the Constitution and the Corporations Act, allot, issue, grant options over, or otherwise dispose of, further shares with or without preferential rights on such terms and conditions as they see fit.

### **3.9 Dragon Directors**

The business of Dragon is to be managed by or under the direction of Dragon Directors.

The minimum number of Dragon Directors is 3 and the maximum is 10. The existing Dragon Directors may appoint a new Dragon Director to fill a casual vacancy or as an addition to the Board. Any such Dragon Director must retire at the next following annual general meeting of Dragon (at which meeting he or she may be eligible for election as a Dragon Director).

The Constitution contains provisions relating to the rotation and election of directors.

For a person to be eligible for election as a Dragon Director, a nomination for the office of Dragon Director and the written consent of the proposed director must be received at Dragon's registered office at least 30 business days before the relevant general meeting.

### **3.10 Offer of Dragon Shares**

Subject to the requirements of the Corporations Act and if applicable, the Listing Rules, the issue of shares by Dragon is under the control of Dragon Directors. Under the Constitution Dragon is empowered, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, to issue shares with preferred, deferred or other rights.

### **3.11 Variation of Dragon Shares and rights attaching to Dragon Shares**

Dragon Shares may be converted or cancelled with member approval and Dragon's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

### **3.12 Share buy-backs**

Dragon may buy-back shares in itself in accordance with the provisions of the Corporations Act.

### **3.13 Indemnity and insurance of officers**

Under the Constitution, Dragon is obliged, to the extent permitted by law, to indemnify an officer (including Dragon Directors) of Dragon against liabilities incurred by the officer in that capacity, against costs and expenses incurred by the officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

To the extent permitted by law, Dragon may also pay the premium on any insurance policy for any person who is or has been, an officer against a liability incurred by that person in his or her capacity as an officer of Dragon, provided that the liability does not arise out of conduct involving a wilful breach of duty.

### **3.14 Listing Rules**

Provided Dragon remains admitted to the Official List of the ASX, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Constitution will be deemed to comply with the Listing Rules, as amended from time to time.

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## 4. Defined Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Offer Document.

**\$** means Australian dollars.

**Acceptance Form** means the Acceptance Form accompanying this Offer Document.

**Allied** means Allied Properties Resources Limited.

**AP Finance** means AP Finance Limited.

**Applicant** refers to a person who submits an Acceptance Form.

**Application** refers to the submission of an Acceptance Form.

**Application Monies** means application monies for Dragon Sale Shares received by the Company from an Applicant.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the closing date detailed in Section 1.2.

**Company** means Eurogold Limited ACN 009 070 384.

**Constitution** means the constitution of Dragon.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Directors** mean the directors of the Company.

**Dragon** means Dragon Mining Limited ACN 009 450 051.

**Dragon Directors** means the directors of Dragon.

**Dragon Sale Share** means a Dragon Share which the Company is the beneficial owner of.

**Dragon Shares** means an ordinary fully paid share in the capital of Dragon.

**Dragon Shareholder** means a holder of Dragon Shares.

**Eligible Shareholder** means a person registered as the holder of Shares on the Record Date whose registered address is in Hong Kong, Australia or New Zealand.

**Ineligible Shareholder** has the meaning given in Section 1.9

**Listing Rules** means the Listing Rules of the ASX.

**Loan** means the principal and interest outstanding under the loan agreements between AP Finance Limited and the Company dated 8 February 2012 and as amended on 7 February 2013, 5 August 2013 and 13 March 2014, and the additional loan facility dated 13 March 2014.

**Offer** means the offer described in Section 1.1.

**Offer Document** means this Offer Document dated 1 September 2014.

**Opening Date** means the opening date detailed in Section 1.2.

**Record Date** means 7.00pm (Perth Time) on the date detailed in Section 1.2.

**Section** means a section of this Offer Document.

**Share** means an ordinary fully paid share in the capital of the Company.

**Share Registry** means Computershare Investor Services Pty Limited.

**Shareholder** means a holder of Shares.

**Shortfall Offer** has the meaning given in Section 1.14.

**Shortfall Share** means Dragon Sale Shares not applied for under the Offer.

**Underwriter** means Allied Properties Resources Limited.

**Underwriting Agreement** has the meaning given in Section 1.15.

## Schedule 1 – Risk Factors

**Dragon Sale Shares under this Offer Document are considered speculative.** The Directors strongly recommend Eligible Shareholders examine the contents of this Offer Document and consult their professional advisers before deciding whether to apply for Dragon Sale Shares pursuant to this Offer. In addition, Eligible Shareholders should be aware there are risks associated with investment in Dragon. There are certain general risks and certain specific risks which relate directly to Dragon's business and are largely beyond the control of Dragon and Dragon Directors because of the nature of the business of Dragon.

The summary of risk factors described below ought not to be taken as exhaustive of the risks faced by Dragon or by Eligible Shareholders. The risk factors described below, and others not specifically referred to below, may in the future materially affect the financial performance of Dragon and the value of Dragon Sale Shares offered under this Offer Document. Dragon Sale Shares to be sold pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Dragon Sale Shares.

### 1. Risks Specific to Dragon, the Offer and the Shortfall Offer

#### (a) Operating risks

Mineral production is a high-risk business with no guarantee of success. Dragon is subject to the risks inherent in the conduct of mining operations. The operations of Dragon may be disrupted by a variety of events and hazards which are beyond Dragon's control, including environmental hazards, industrial accidents, technical failures, labour disputes, government decisions, unusual or unexpected rock formations, underground mining conditions and ground conditions, flooding and extended interruptions due to inclement or hazardous weather conditions, fires, explosions and other incidents. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability.

Dragon is exposed to movements in the prices charged by external suppliers, including those which supply inputs to production, such as energy and transport costs, as well as movements in wages, taxes and other government charges. A significant cost increase in one or more of these items for a sustained period could have an adverse effect on Dragon's financial performance. In addition, unforeseen adverse changes in quality or reductions in the quantity of supplies provided by external suppliers may also adversely affect Dragon's operations.

#### (b) Exploration risks

Mineral exploration is a high-risk business with no guarantee of success. Dragon continues to advance its key projects and is anticipating the discovery of additional resources at its mines and from other mineral exploration properties that are at various stages of exploration. There is no assurance that exploration on any of Dragon's mineral tenements or licences will result in the discovery of a mineral deposit. In the event of a discovery, it may not prove to be economically viable to exploit the discovery due to factors outside Dragon's control.

#### (c) Gold price and exchange rates

Most of Dragon's revenues will be derived from the sale of gold. As a consequence, Dragon's earnings and cash flows will be affected by changes in the price of gold.

Over the past 20 years, the price of gold has ranged from a low of approximately US\$285 per ounce to a high of approximately US\$1,896 per ounce. The factors which influence the price of gold include, but are not limited to, supply and demand for gold, forward selling of gold, general world economic conditions and the outlook for interest rates, exchange rates, inflation and other commodity prices. These factors may benefit or adversely affect the gold price and thus Dragon's earnings and cash flows.

The world market gold price is expressed in US Dollars. Therefore, revenue derived from the sale of gold is received at the prevailing gold price in US Dollars and is converted into Swedish Krona or Euro when and if required. In addition, some of Dragon's costs are influenced by the Australian Dollar, US Dollar, Swedish Krona and Euro exchange rates. Consequently, changes in the various exchange rates may affect the earnings and cash flow of Dragon. Exchange rates in general including the Euro, Swedish Krona, Australian Dollar and US Dollar exchange rates are volatile and cannot be predicted.

(d) Key Personnel

A number of key personnel are important to attaining the business goals of Dragon. There is no guarantee that if one or more of the Dragon's Directors or key personnel cease their association with Dragon there will not be a detrimental effect on Dragon given the significant reliance on key management personnel to oversee the day to day operations of Dragon.

## 2. General risks associated with gold sector operations

(a) Resource estimate risks

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change when new information becomes available. Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. If mineralisation or a formation is different from those predicted by past drilling and mining, resource estimates and mining plans may have to be altered in a way which could either benefit or adversely affect Dragon's operations.

(b) Project and ore body risks

Each ore body is different. The nature of the mineralisation, the variability and grade of the ore, as well as its behaviour during mining and processing cannot be exactly predicted. Estimations of the tonnes, grade and overall mineral content of a deposit are based on interpretation of data, including geological interpretation and sample analysis from drilling.

Similarly, the metallurgical performance of the ore in a particular processing plant depends on a number of variables that may be beyond the control of Dragon.

(c) Environmental risks

Dragon's operations and projects are subject to Swedish and Finnish laws and regulations regarding environmental matters including the discharge of waste and materials. Dragon conducts its operations in an environmentally responsible manner.

Although Dragon believes it complies in all other material respects with all applicable environmental laws and regulations, there are other risks inherent in its



activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject Dragon to extensive liability.

Dragon may require other approvals from the relevant authorities before it can undertake activities that are likely to affect the environment. Failure to obtain such approvals may prevent Dragon from undertaking its desired activities. Dragon is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether such laws or regulations would materially increase Dragon's costs of doing business or conducting its operations in any area.

There can be no assurance that new environmental laws and regulations or stricter enforcement policies, once implemented, would not require Dragon to incur expenses and investments which could have a material adverse effect on Dragon's business, financial condition or operational results.

The cost and complexity of complying with applicable environmental laws and regulations may prevent Dragon from being able to develop mineral deposits.

(d) Title risks

The mineral tenements in which Dragon has an interest are subject to various conditions and obligations and have different terms. If renewal is required, this may be at the discretion of the relevant government minister or official. If approval for renewal is refused, Dragon may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement

(e) Insurance risks

Dragon intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, Dragon's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered by insurance could have a material adverse effect on the business, financial condition and results of Dragon. Insurance of all risks associated with minerals exploration and production is not always available and where available the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where Dragon considers it is unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is in accordance with industry practice. Dragon will endeavour to insure the risks it considers appropriate for Dragon's needs and for its circumstances.

(f) Joint venture partners and contractors

Dragon Directors are unable to predict the risk of the financial failure or default by a participant in any joint venture to which Dragon may become a party, or insolvency or other managerial failure by any of the contractors used by Dragon in its activities.

(g) Volatility in the market price of Dragon Shares

Although Dragon is listed on ASX, there is no assurance that an active trading market for Dragon Shares will be sustained. There is also no assurance that the market price for Dragon Shares will not decline below the sale price. The market price of Dragon Shares could be subject to significant fluctuations due to various external factors and events, including the liquidity of Dragon Shares in the market, Dragon's actual financial and operating results and broader market-wide fluctuations.

### **3. General risks**

(a) Share market conditions

Share market conditions may affect the value of Dragon Shares, regardless of Dragon's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) changes in investor sentiment toward particular market sectors;
- (iv) the demand for, and supply of, capital; and
- (v) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither Dragon nor Dragon Directors warrant the future performance of Dragon or any return on an investment in Dragon.

(b) Economic risk

Changes in the general economic climate in which Dragon operates may adversely affect the financial performance of Dragon. Factors that may contribute to that general economic climate include the level of direct and indirect competition against Dragon, industrial disruption, the rate of growth of gross domestic product in Australia, or any other country in which Dragon operates, interest rates and the rate of inflation.

(c) Changes in Government legislation and regulation

Any material adverse changes in government policies or legislation of Australia, Sweden, Finland or any other country where Dragon may acquire economic interests may affect the viability and profitability of Dragon.

### **4. Investment highly speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by Dragon or by investors in Dragon. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Dragon and the value of Dragon Sale Shares offered under this Offer Document. Therefore, Dragon Sale Shares to be sold pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Dragon Sale Shares. Potential investors should consider that the investment in Dragon is speculative and should consult their professional advisers before deciding whether to apply for Dragon Shares pursuant to this Offer Document.